TO THE:-

MEDICAL SERVICES INSURANCE ENQUIRY

Submission of

Ontario Federation of Labour

January, 1964

SUMMARY OF

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Bill No. 163

Our objections to Bill No. 163 are as follows:

- That it does not give universal coverage.
- It establishes a means test which is impossible to regulate and enforce.
- It leaves Medicare Insurance in the hands of the private insurance companies and thus eliminates the possibility of providing care at cost.
- It is much too confining as it ignores the problem of providing research, preventive medicine, rehabilitation, development of facilities and adequate staff.
- It makes no provision for the encouragement of group practice.

Broadest Kind of Enquiry

We firmly believe that the best interests of the citizens of Ontario will be served by the widest type of enquiry to include an examination of present and future medical care needs.

Investigation of Other Solutions

The Committee is urged to take a searching look at methods used in other jurisdictions to provide comprehensive medical care with on the spot investigation of successful programmes.

Advantages of Public Programme

Only a public-sponsored programme can encompass the measures that a well organized health service must have consistent with the highest quality service and the maximum number of facilities that are needed.

Research Needs and Resources

Intensified and extended research is needed to cope with, and even anticipate where possible, the changing social needs of the community. Medical education must relate more of its efforts to research inside an overall public health programme. Otherwise research may well continue to languish.

Personnel

Re-evaluation of the educational and training curricula of all aspects of health care employment in order to improve overall efficiency and make increased use of available manpower in the province.

Group Practice

The application of "group practice" be officially encouraged as being the most effective manner of giving force and vitality to health care of our modern society.

Submission to the

Medical Services Insurance Enquiry

Mr. Chairman and Members of the Committee:

1. We welcome this opportunity of making the view of organized labour in the Province of Ontario known to your Enquiry. We realize that this Enquiry has undertaken to report on one of the most important and controversial subjects of the day and that your conclusions will have a tremendous bearing on the future health of this Province.

2. Our interpretation of your terms of reference is that it gives you the authority to make the broadest possible enquiry into all aspects of health care. We would urge that your Enquiry take full advantage of this latitude and not only take a searching look at the needs in Ontario but that you travel to other jurisdictions and study from those programmes with a successful history of operation in this field.

3. While our Federation will, in this submission, be most critical of the government's approach to this subject, let us assure your Enquiry that we are simply putting before you in the strongest possible terms the position of organized labour in Ontario. It is our desire to offer this Enquiry every possible assistance that it may require of the Federation.

Role of the Federation

4. Our Federation is the provincial branch of the Canadian Labour Congress and is comprised of some 1,800 local unions with a membership of almost half a million. This membership is spread throughout the entire province in almost every field of industrial endeavour. We are, therefore, beyond doubt the largest single organization representing consumers of health insurance in this province.

5. The role of our Federation is that of provincial legislative watchdog for our affiliated unions. Our Programmes and policies are decided at annual delegate conventions, which are attended by some 800 to 1,000 delegates. Between conventions, policy is formulated by a 12 member Executive Board which meets quarterly and a 50 member Executive Council which meets three times a year. In this regard, our advocacy of Med-

icare was again unanimously reaffirmed by our recent convention of November 4th, 5th, and 6th, 1963. It is also our responsibility to interpret existing legislation, encourage proper administration and to recommend new legislation. Such activity brings us into daily contact with the legislation used to govern the province, with problems of industrial health and safety, Workmen's Compensation, rehabilitation, public and private welfare, unemployment insurance and all types of welfare plans. To administer these responsibilities, the Federation maintains both a Research and Welfare Department each with a full time Director.

Generally speaking, each affiliated local union negotiates and administers its own collective agreements, covering such matters as wages, working conditions, hours of work and welfare plans. Some locals have been able to obtain as much hospital, medical, surgical and allied coverage as is possible under present availability, while others have limited coverage and still some have been unable to negotiate any coverage.

Federation's Concept of a Health Plan

6. The position of the Ontario Federation of Labour in regards to a proper health plan is, or should be, well known by everyone in the community. However, for the purpose of this Enquiry, three exhibits will explain our official position.

Exhibit "A" is a copy of our Report on Medicare unanimously adopted at our Annual Convention in Niagara Falls, Ontario, on November 5th, 6th, 7th, 1962.

Exhibit "B" is a copy of our brief to the Royal Commission on Health Care presented on June 2nd, 1962.

Exhibit "C" "Mail-in" cards supporting O.F.L. Policy on Medicare.

7. It can be quickly seen that Bill 163 in no way meets the requirements set out either in our resolution or our submission to the Royal Commission. The basic approach envisioned in Bill 163 indicates that this matter should be left to private insurance companies and other carriers and with voluntary enrollment, we suggest that it be a government sponsored plan. So, even in fundamental approach to this problem, we are poles apart.

8. Those who oppose the establishment of a comprehensive medical care program invariably argue with great heat that the administrative and financial problems are almost insurmountable with particular reference to uncontrollable costs.

9. We insist that this is not the case. It is, therefore, imperative that the government initiate a program that will not only provide assistance that would integrate a method of public financing based on graduated payments but will also ensure facilities of every kind. Plans must also be made that will study our needs and our expectations. Failure to accept this premise can only have serious repercussions in the future.

10. The movement towards government sponsored security and health measures is overwhelming and spreading the world over. The Ontario Federation of Labour has repeatedly pointed out that we see the establishment of a comprehensive and universal health care program as going far beyond the mere simple improvement in the payment of premiums. We believe that there is ample evidence of the dire need to rationalize the host of problems connected with questions of public health. The members of this Committee must be well aware of the wide publicity in recent weeks given to the problems of hospital administration, hospital financing and the problems of personnel.

11. It is the opinion of the Federation that this province has the resources to make a beginning on a prepaid health care program for all its citizens which would improve the quality of medical service, provide for more equitable distribution of service and of the cost of such services. It is also our opinion that good health is as important to the welfare of the country as good education and should be provided as freely and as painstakingly. Obviously, the question of manpower is of paramount importance and yet the government remains strangely silent on this basic issue.

12. Both the Association of Canadian Medical Colleges and the Canadian Medical Association have expressed grave concern on the question of the supply of doctors for the future. Their anxiety is not only concerned with physicians or surgeons in practice but also the provision of physical plant and the development of teachers and scientific research in our medical schools.

13. While we do not suggest that the Province of Ontario is in a position to support all the medical research that needs to be carried on in Canada, as the "Banner" province, it is in a far better position by virtue of its population and resources, to make a greater contribution to medical research than we have done in the past.

14. It is a dismal fact that, in over 60 years, the Nobel prize has only been awarded on one occasion to a Canadian, whereas quite small countries such as Holland and Sweden have gained the award for medical discovery on seven or eight occasions. The United States, with a population ten times larger than Canada, has obtained the Nobel prize in medicine and physiology no less than 38 times, while the same prize has gone to the United Kingdom 26 times.

15. For not only has the United States, but also the United Kingdom far outdistanced Canada in the proportion of their Gross National Product which has been directed to medical research. Both Holland and Sweden lead Canada. Going back to 1959 and the "Farquharson Report",* comparisons in expenditures on medical research on the basis of Gross National Product, Canada's relative position has worsened in the interval since the publication of that report, whereas in the United States the federal funds available for research in the life sciences are so divided that medical science receives 63%, biology 23% and agriculture 14%. The corresponding figures for Canada are 63% agriculture, 22% for medicine and 15% for biology. This striking disproportion in the allocation of Canadian research funds, reflects no credit upon us.

* Report of Special Committee on Medical Research, submitted to Privy Council, Scientific and Industrial Research, 1959.

16. Nor is the position any better in other areas of the medical field. The Committee for Survey of Hospital Needs in Metropolitan Toronto, which carried out this survey in 1963, devotes some 179 pages of Part 16 of its Report to the problems of the education and provision of personnel for hospitals. It is not too much to say that this report is one of almost unrelieved gloom. There are serious shortages in almost every sector of hospital employment. Nurses, physiotherapists, dietary personnel, radiological technicians, speech therapists, hospital administrators, medical record personnel and so on. It is an appalling fact and a shocking indictment of our society that these people are invariably if not the lowest paid, amongst the lowest paid compared with any other profession in Canada. The shortage of nurses which occurs throughout this province as well as in Canada is, amongst other things, due to our rigid doctrinal belief that nursing is simply a profession for women. It could well be that one of our sins is that we are not using our manpower to the degree we are capable of. Oddly enough, prior to the last 100 years, most of the nursing was done by men in religious orders. Such training of nurses goes back to ancient times. Yet so firmly is the present idea stamped on our thinking, that we cannot break with it. The result is that there are only some 300 male nurses in all of Canada and only 100 of these are graduates of Canadian institutions. The other 200 are amongst the skilled that we have imported from various European countries to try and fill the gap.

17. In spite of such importation, several hospitals in the Toronto area reported that, due to shortage of nurses, they have been delayed in opening new wings. Others have reported that nursing units had to be closed during the summer months because no replacements could be found for the overworked and inadequate staffs.

18. Hospital authorities have estimated a need for an additional 558 graduate nurses to provide them with a *minimum* staff requirement in Metro Toronto alone. The total complement then would be about 4,147 as against 3,595 graduate nurses employed in 1962.

19. The development of the profession both as regards to attracting new entrants and maintaining those already in the profession depends to a large degree on a drastic reform of the salaries and working conditions of the working nurse. This in turn depends entirely on a major overhaul of our present thinking. In this regard, we take the liberty of repeating here two quotations from the Report of the Committee for Survey of Hospital Needs in Metropolitan Toronto.

20. The first quotation is taken from Page 39 of Part 16 of that report:

> "One of the most apparent of the changing concepts that has been that of the education of a nurse should be an educational experience, rather than in part a method of obtaining service in a hospital. As a correlary to this, there has been greater acceptance of student participation in meeting the costs of the educational program and to making of some effort to relate the direct costs to the expense involved in the actual educational program. This concept also includes the acceptance of the fact that *a large subsidy from public funds is required in order to provide adequate educational program.*" (our emphasis).

21. The second quotation is taken from Page 176 of the same report and reads as follows:

> "It seems almost inevitable to us that centralized programs for these vocational groups will be a part of the future. *No other body but the government is capable of undertaking such a large enterprise and one assumes that it must be the provincial government.*" (our emphasis).

22. The proposals before this Committee to create a voluntary "standard" or basic plan of medicare insurance to be run by commercial interests makes no provision to change the circumstances or to solve the problems that we have mentioned. We venture to insist that these problems should not be divorced from the simple provision of limited medical care to be paid for on a premium basis.

23. We make no apology for restating our philosophy and policy with regard to the provision of health services. We agree with the definition of "health" suggested by the World Health Organization as "a state of complete physical, mental and social well being and not merely the absence of disease or infirmity."

24. Therefore, in our opinion, social policy must reflect an appreciation of the inter-relation of health in its narrowest sense with the many other factors bearing on the well being of people. Thus, the concern of organized labour has been not only to enable workers to meet the financial demands of illness but to promote an economic and social climate conducive to good health. In our view, health services, despite their apparently unique problems and challenges, are very much a part of an emerging pattern of social services, pensions, income protection and other forms of social organization through which we hope to achieve a maximum degree of health in its broadest sense.

25. It follows that the concern of our members in the area of health services as such encompasses the whole range of preventive measures, treatment, rehabilitation, including the maintenance of family income during periods of disability. It is neither desirable nor logical to think that public concern with poor health begins and ends with any one aspect of health care.

26. We hold, as we have for many years, that it is only through public measures that well-organized and high quality health services and facilities can be made available to all Canadians regardless of individual financial means.

27. While not attempting to set out all the criteria of good health, we feel that one further principle needs to be stated at this time. It is, that the well being of the individual and his family should, at all times, be the primary concern of those engaged in planning, organization and operation of health services. Considerations of efficiency and scientific progress have their place in this process. But it must at all times be kept in mind that these are means and not ends in themselves.

28. Public opinion is demanding that the minimum standard of well being and good health be guaranteed to all and the notion of what constitutes that minimum cannot be less than those set out in Exhibit "B".

Group Practice

29. As in the scientific field with its immense diversity so also in medicine, the day is long gone when any single physician can hope to provide the best there is in all the fields of medicine to any one patient. The increasing complexity of medical care has given rise to the need for the integration of the specialization of medicine.

30. There has been in the last twenty years development of group practice teams that enable doctors with different training but with common philosophies to pool their skills for the benefit of the patient. The medical profession in Ontario has, in our opinion, completely ignored the advantages of group practice.

31. It is the considered judgment, not only of organized labour throughout Ontario, but also of thoughtful men both inside the medical profession and without, that group practice offers unique advantages to the physician, for the consumer and for society, as an efficient means of providing comprehensive medical care combined with the highest degree of quality.

It offers:

a. For the profession, a team of colleagues with pooled skill and equipment, rotation for weekends, vacations, study periods. The doctor — even the young doctor, just starting, surroundings of a group of well trained individuals, all of whom want each other to succeed.

b. For the consumer, an available doctor for medical emergencies — one who has been selected by his colleagues for his skill, responsibility and compatability, and who is subject to their professional discipline but also enjoys their professional support. More than this, it offers him comprehensive service from an organization whose economic as well as professional interest is in keeping him well rather than merely caring for him when he is ill — and all this on a prepaid basis within his means.

c. For society, an orderly means of combatting the fragmentation of services for the patient and the elimination of the expensive distortions and duplications that are spawned by our disorganized health facilities and partial insurance coverage programmes. It provides a means, acceptable to both producer and consumer of health services for controlling and meeting the mounting costs of medical care.

32. Group practice is growing rapidly in the United States and other jurisdictions and these have come about to a great degree on the insistance of the trade unions and, in most cases, where opposed by the medical profession. In this regard, there have been a number of developments in Canada and Ontario in particular which warrant attention.

33. The Toronto and District Labour Council and the Hamilton and District Labour Council have both undertaken studies towards the establishment of group practices centres in these areas.

34. The unions in Sault Ste. Marie have already established a centre for group practice and we are sure that this will be of interest to this Enquiry. The Sault Ste. Marie and District Group Health Association was officially opened on September 1st, 1963. This consumer-sponsored, direct service medical plan already enjoys a membership of some 14,000 and is steadily growing. There is every possibility that the membership will grow to between 20,000 and 25,000, all of whom will enjoy the best in medical care without the deficiencies inherent in the insurance principle. The highest standards of medical care will be maintained by the medical group who are completely independent and self-governing. The consumer-member is represented by a Board of Directors whose responsibility is the operation of the building and its related services. Thus, the doctors are liberated from the worries of running a business at the same time they are trying to provide medical care.

35. Briefly, these are our comments on the kind of health care program that we seek to have developed. Further evidence, if any is needed, about how widely this support stems from the rank and file union membership is to be found in the fact that, during our campaign of a year ago, we received some 70,000 signed cards from trade unionists and others in the community supporting this position and we will file with this Enquiry of these cards.

Observations of Bill No. 163

36. We would hope that, as a result of your studies and recommendations, some very drastic changes will be made to the proposals as outlined in Bill No. 163. Briefly let us outline our objections of the proposed legislation.

37. The domination of commerical principles are clearly reflected in this Bill. Indeed, one of the most striking aspects of these legislative proposals is the closeness with which it adheres to the stated policies of the 116 member companies of the Canadian Health Insurance Association. A stated objective of this association is to put an end to what they describe as "further government encroachment". Since Bill 163, in its present form, intends that the commercial carriers will offer to the public a *standard* plan, it seems to us appropriate to examine the efforts of these commerical insurance companies up to the present time, since it is most likely that such a standard plan must reflect the industry's ideas of what is adequate.

38. As late as May 1963, the Canadian Health Insurance Association officially described its "Standard Plan" as providing benefits for surgical and medical services as related to the tariff of fees as promulgated by the provincial division of the Canadian Medical Association. The Insurance Association went on to state "that the "Standard Plan" would include payment for physicians' only in the event of illness or accident but

subject to an *overall lifetime maximum limit*" (emphasise ours). Let us see how the insurance industry has applied its benefits to date.

39. The following case histories were selected by the Canadian Health Insurance Association in its submission to the Royal Commission on Health Services, 1962; therefore, they can safely be assumed to reflect the insurance industry in its best light.

40. Appendix 1 of the submission just mentioned contains a random selection of typical claims settled by member companies. It has always been part of the association's policy to establish in the public's mind that the medical health insurance companies have always paid substantial portions of the costs of accidents or illness suffered by the insured persons. Careful examination reveals that heavy burdens were in fact placed on the subscribers leaving them with considerable indebtedness.

41. In Claim No. 4 of Company "A", the patient was left to cover $198 out of a bill of $599.80, or almost one third of the total. In Claim No. 6 of the same company, the subscriber was required to pay $2,664.00 out of a total bill of $8,950.00, or almost thirty per cent of the total. Another instance in Company "C", Example 1, in an illness of long duration, the insured had to pay $2,483.00 out of a total of $10,621.00, or slightly in excess of twenty three per cent of the total bill. Claim No. 2 required that the insured pay out $1,517.00 of a bill for $5,832.00, or twenty-six per cent. A tabulation of all the cases cited by the Association reveals the extent to which a subscriber up to this moment may be financially liable.

42. Of the forty-five examples provided by the Association, in only four cases did the carrier cover the total cost incurred. In twenty-one cases, the insured was left to pay more than twenty per cent of the total cost and, in another eight cases, between ten and twenty per cent of the cost.

43. In dollars payable, ten of the insured were required to pay in excess of $500.00, twenty-three had to cover $100 or more (this includes the eight already mentioned).

44. This then is the record of the commercial insurance industry in the field of medical care insurance. We think it remarkable that since these cases emenated from the insurance company's files that such a record could or should be regarded as creditable performance. A contract that left the insured to pay $2,644.00, or nearly thirty per cent of the total bill cannot be said to have satisfied the medical costs of illness of the particular policy holder. However, the pattern is not confined to the larger bills but continues to exert itself in much more modest costs. For example, consider the terms of absolute as well as ratio of costs for Co. E": Claim No. 2, $360.60 or 17%; Co. "E", Claim No. 5, $552.00 or 23.4%; Co. "F", Claim No. 13, $196.45 or 21.9%.

45. In the face of such evidence of performance to date and bearing in mind that the formula of costs and services is decided by the industry and the medical profession between them, we find it impossible to convince ourselves that future performance will be substantially improved. This skepticism is further reinforced by the fact that Bill 167, Section 17, specifically continues the existing system.

46. It surely should be a consideration of major importance that the legislation now proposed should be set out to free the establishment of costs from the dictates of commercial practice and to clearly establish specific improvements in the quality and variety of services. The present proposals fail signally to effect any worthwhile changes in existing insurance coverages.

47. We propose now to turn our attention to a general examination of the main portions of the Bill.

48. In the first instance, we are concerned with the contradiction of the Bill which states in Section 2 that medical insurance will be available without regard for financial means. This principle is immediately contradicted in Section 3 (b) by the clear implication that, in certain cases, "a means test" will be applied; that, whatever medical treatment may be required, the individual will still be required to state his or her circumstances and then the government or municipality MAY (our emphasis) contribute all or part of the cost. In other words, the citizen still has no guarantee that he will receive the necessary amount of care and attention his condition may require.

49. We are unalterably opposed to the application of a "means test" in the field of medical or hospital care. The use of such methods can only lead to a serious and unnecessary intrusion into the lives of the citizens. There will also always be present the possibility of discrimination, that those who can easily afford better treatment, will command it. A "means test" will tend to impede one of the principal factors of an effective comprehensive health care programme, that of "speedy and effective treatment".

50. Section 6 of the Bill amounts to an open invitation for the commercial carriers to either depress the Standard Contract when it is eventually spelled out or at least to maintain it in a static position whilst actively promoting their own private plans. This cannot help but create a situation of one level of care for one sector of society and another much higher level for those who can afford it. There is a strong likelihood of the doctor becoming the agent of the commercial insurance companies. We think this ironical, since the medical profession has passionately attacked any suggestion of control other than by themselves.

51. A further observation concerns the proposed regulations on the matter of enrolment. We will merely concern ourselves with the observation that this idea of limited enrolment periods is entirely a demand of the carriers for some administrative convenience.

52. We turn now to the proposed formula of cost of the Standard Medical Plan. We wish to state most forcefully that this formula can only be described as total capitulation to the demands that profit must be a paramount factor in the provision of medical care for the citizens of Ontario. We are not impressed by the insertion in the Bill of the requirement for the consent of the Superintendent of Insurance to increase the rates, since this is already nullified by an earlier provision permitting the O.M.A. and the commercial carriers to consult and set their own rates.

53. The public has already had a demonstration of the power of the O.M.A. in January of this year when P.S.I. announced sudden increases in rates. The only comment the government was able to make at that time was that of Premier Robarts: "This will mean an added burden on the people. I don't like to see it happen." Needless to say the increased rates remained in force.

54. The ability to increase rates is heavily weighted in favour of the carriers, acting in concert with the Schedule of Fees issued by the Medical Association who, of course, are not required to consult with anyone. The fact that the arbitration form set out in Section 18 (2) applies only to the commercial carriers surely confirms this.

55. One final comment, and that refers to Section 19. The ability of any commercial carrier, subject to suitable notice, to withdraw from the contracting of medical health insurance, is simply an expression of indifference to the needs of the community.

56. It is also a point of observation that Bill 163 makes no provision for the encouragement of consumer directed, prepayment group practice or even to improve the present state of medical care.

57. We note that the consideration expressed by the authors of this Bill to the requirements of the insurance industry are in sharp contrast to the philosophy that brought into being the Ontario Hospital Services Commission, which, in spite of vehement predictions of ultimate failure, has proved to be a significant example of efficient social progress.

58. We trust that we have, in this submission, put before you briefly, accurately and objectively, the position of organized labour on this important subject. Of course, there is much more can and, no doubt, should be said. However, let us emphasize what we stated in the preamble that, if there is any further information required or if our organization can be of any further assistance to you, then feel free to call on us.

All of which is respectfully submitted by,

ONTARIO FEDERATION OF LABOUR (C.L.C.)

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